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DPD-3873-60

17 May 1960

MEMORANDUM FOR THE RECORD

SUBJECT : Concurrence in Amendment No. 8 to Contract
No. SP-1915 with Lockheed Aircraft Corporation,
Project CHALICE

1. This memorandum contains a recommendation submitted for concurrence of the undersigned. Such recommendation is contained in Paragraph 6.

2. Contract No. SP-1915 is broken into three major sections; Section A covered engineering and production flight testing and support of flight test programs at EAFB; Section B-1 covered research, development and application in connection with THERMOS; Section B-2 covered repair and overhaul of existing CHALICE equipment; Section B-3 covered purchase of parts and kits; Section C covered design studies and tests for GUSTO.

3. Final prices were previously established subject to property audit and refund, if any, of the California Property Tax paid under protest. The final property audit has been completed. The Air Force has negotiated and settled with the County of Los Angeles regarding the Personal Property Tax. The County of Los Angeles has refunded a portion of the tax with a deferred balance to be made in October 1960. LAC has passed this refund to the Project. The AF Resident Auditor, however, is contesting LAC's method of allocation of the tax. In the event LAC and the Auditor do not come to an agreement, LAC proposes to present the case to the Contract Board of Appeals. This action may prolong complete settlement of this contract by several years. Other LAC Project contracts are also involved. It has been deemed advisable to consider these contracts complete and write Contract No. SP-1921 which will set forth the tax problem and the maximum and minimum possible refunds. This would result in one contract to administer instead of six.

4. The amount of \$357.89 is being liquidated in the Contract Branch/DPD from CHALICE 1958 funds. This amount was handled by Finance Section/DPD at the time of receiving the refund. See Memo for Finance Division, Accounts Branch dated 2 February 1960, DPD-0991-60. By concurrence to this memorandum the Comptroller signifies that funds have been adjusted.

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5. Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956 which, in effect, results in all covert expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 8(b) of Public Law 110, 81st Congress, (formerly 10(b) see 85-507 dtd. 7/7/58) for each contract.

6. Concurrence in Amendment No. 8 to Contract No. SP-1915 is recommended.

SIGNED

25X1

Contracting Officer, DPD

CONCURRENCES:

25X1

Comptroller, DPD

5-23-60
Date

25X1

Office of General Counsel

5-25-60
Date

25X1

DPD-DD/P:

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